



ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: October 7, 2013

TO: The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: **ADOPT A RESOLUTION APPROVING A LONG RANGE PROPERTY MANAGEMENT PLAN FOR THE SUCCESSOR AGENCY TO THE FORMER TEMPLE CITY REDEVELOPMENT AGENCY**

RECOMMENDATION:

It is recommended the Oversight Board to the Former Temple City Redevelopment Agency (Board) approve the Long Range Property Management Plan (Plan) for the Successor Agency of the Former Temple City Redevelopment Agency (Successor Agency).

BACKGROUND:

1. On March 15, 2011, the City Council and the Board of Directors of the Former Temple City Community Redevelopment Agency (Redevelopment Agency) approved a real property transfer and cooperative agreement between the City of Temple City and the Redevelopment Agency for the transfer of the fee interest in a parcel of property located in the parking lot of a commercial center at the southwest corner Las Tunas Drive and Rosemead Boulevard.
2. On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, Assembly Bill (AB) X1 26 and AB X1 27, into law. The legislation was effective on June 29, 2011. AB X1 26 eliminated redevelopment agencies as of October 1, 2011. Under AB X1 26 (chapter 5, Statutes of 2011), an Oversight Board was established to oversee the actions of the Successor Agency. AB X1 27 provided for a voluntary alternative redevelopment program whereby a redevelopment agency would be authorized to continue to exist upon the enactment of an ordinance by the community to comply with the bill's provisions.

3. On July 18, 2011, the California Redevelopment Association and League of California Cities filed suit to invalidate AB X1 26 and AB X1 27.
4. On December 29, 2011, the California Supreme Court announced its decision in *CRA v. Matosantos* upholding AB X1 26 as a constitutional exercise of the Legislature's power, but striking down AB X1 27 as unconstitutional.
5. On January 17, 2012, the City of Temple City (City) adopted a Resolution to become the Successor Agency to the Former Redevelopment Agency.
6. On June 27, 2012, Assembly Bill 1484 (AB 1484) was signed into law. The intent of AB 1484 was to correct inconsistencies in AB X1 26. AB 1484 and AB X1 26 are hereafter referred to as the "Dissolution Acts".
7. On April 26, 2013, the City received notification that the request for a Finding of Completion for the Successor Agency was granted, meaning the Successor Agency had completed a number of tasks laid out in the Dissolution Acts and was granted the ability to take certain statutorily-specified steps to dispose of bond proceeds and real property (i.e., among other things) as laid out in AB 1484.

ANALYSIS:

In March 2011, the Redevelopment Agency transferred to the City a small parcel of property (Property) of approximately 23,087 square feet, located in a parking lot in the commercial center of the southwest corner of Las Tunas Drive and Rosemead Boulevard. The City anticipated the Property could be utilized in the future as part of the private redevelopment of the commercial center, which is aging and in need of re-imagining and rebuilding in order to capture the modern shopping and dining patron.

The Property had been the only parcel of real property owned by the former Redevelopment Agency.

The City chose to become the Successor Agency in January 2012. One of the responsibilities of the Successor Agency is to oversee the sale of Redevelopment Agency properties. As indicated above, the Redevelopment Agency had transferred the Property to the City and therefore owned one parcel of property in a parking lot of a commercial area that had been previously held by the Redevelopment Agency, at the time of the State Supreme Court ruling ending redevelopment.

The City and Successor Agency agree that pursuant to the Dissolution Acts, the Successor Agency has the right to the Property. At this time, in order to avoid chain of title problems when the Property is sold, the City has continued to hold title to the Property. Notwithstanding the foregoing, it is accepted by both parties that the Property must be subject to the Plan.

One element of AB 1484 is the option for a successor agency, before it disposes of former Redevelopment Agency properties, to create a Plan to be approved by the Oversight Board and the Department of Finance (DOF). In addition, Health and Safety Code Section 34191.5(c)(1) describes the Plan, the elements that are to be included, and the timing for preparing and submitting this Plan.

The schedule in AB 1484 for the development and submission of the Plan requires that it is to be submitted within six months of receiving a Finding of Completion from the DOF. The Plan is due to DOF on or before October 26, 2013.

As set forth in the Plan, the Property has little market value. It is part of a parking field for the commercial center, and the parking spaces on the Property are required by the City's Municipal Code. There is, therefore, very little commercial value to the Property and the market for the Property at this time is likely limited to the owners of the properties immediately adjacent to the Property within the commercial center.

At this time, the City is in the initial phase of completing a specific plan update for the commercial center and the Property is an integral part of that specific plan. Further, it is the City's understanding that deed restrictions on the Property and the rest of the parcels in the center that require the Property to be used only for parking. The City is hoping to dispose of the Property as part of the private redevelopment of the center and would like to have the option to transfer the property at less than fair market value as part of that private redevelopment.

Given the incredibly limited market for the Property and the opportunity for the City, as a land owner in the commercial center, to participate in the re-planning and re-imagining of the center (but without the financial input that was formerly used by redevelopment agencies), the City has asked to have the Plan transfer the Property to the City so that it might retain the ability to influence the privately-funded redevelopment of the center. The City is willing to accept a restriction that any net proceeds from the sale of the Property, if any, be transferred to the County Auditor-Controller for distribution to the taxing entities. Net proceeds would be defined as any money left after appraisals and other costs of transfer are paid. It is likely that the Property will ultimately be transferred at no cost to the purchaser, but if that is not the case the taxing entities will realize the net proceeds in the same manner that they would if the property were sold at market value. The difference under the Plan is that the City's participation in re-imagining the commercial center should also result in a property tax increase for the taxing entities as well.

CONCLUSION:

Approval of the Plan for the Successor Agency, with legal transfer of the Property to the City, will enable the City to consider plans to dispose of the property in a manner that will best promote the privately-funded redevelopment of the commercial center to ensure a continued strong tax base.

FISCAL IMPACT:

There is no direct fiscal impact from the approval of the Long Range Property Management Plan. Approval of the Plan by the DOF will lead to the sale of the property in the future, potentially at minimal cost, to simply aid in the realization of a rebuilt commercial center. The sale proceeds, if any, would be shared by all taxing entities.

ATTACHMENTS:

- A. Resolution Adopting the Long Range Property Management Plan
- B. Long Range Property Management Plan
- C. Parcel Map